

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

**MEMORANDUM ON PROPOSED TARIFF LEGISLATION
of the 109th Congress¹**

[Date approved: November 29, 2005]²

Bill No. and sponsor: H.R. 2777 (Mr. Wm. Lacy Clay of Missouri).

Proponent name, location: Sensient Technologies, St. Louis, MO.

Other bills on product (109th Congress only): None.

Nature of bill: Temporary duty suspension through December 31, 2009.

Retroactive effect: None.

Suggested article description(s) for enactment (including appropriate HTS subheading(s)):

Oleoresin paprika in soybean oil (CAS Nos. 72968-48-0 and 8001-22-7) (provided for in subheading 3203.00.80).

Check one: ☐ Same as that in bill as introduced.
 ☒ Different from that in bill as introduced (see Technical comments section).

Product information, including uses/applications and source(s) of imports:

Oleoresin paprika is a natural material, prepared by extraction with solvents from the spice paprika, or capsicum. It is a dark red to purplish red viscous liquid used primarily as a food coloring agent. It is imported from Peru, India, and Spain.

Estimated effect on customs revenue:

HTS subheading: <u>3203.00.80</u>					
	2005	2006	2007	2008	2009
Col. 1-General rate of duty	3.1%	3.1%	3.1%	3.1%	3.1%
Estimated value <i>dutiable</i> imports	\$90,000	\$90,000	\$100,000	\$100,000	\$100,000
Customs revenue loss	\$2,790	\$2,790	\$3,100	\$3,100	\$3,100

Source of estimated dutiable import data: Industry estimates and Commission estimates.

¹ Industry analyst preparing report: Eric Land (202-205-3349); Tariff Affairs contact: Dave Michels (202-205-3440).

² Access to an electronic copy of this memorandum is available at http://usitc.gov/tata/hts/other/rel_doc/bill_reports/index.htm.

Contacts with domestic firms/organizations (including the proponent):

Name of firm/organization	Date contacted	US production of same or competitive product claimed?	Submission attached?	Opposition noted?
		(Yes/No)		
Sensient Technologies (Proponent) Jim DeLisi, Phone: 908-322-8440 email: JDeLisi@fanwoodchemical.com	09/22/2005	No	No	No
Aldrich Chemical Co. Cybthia Henning Fax: 414-287-4059	09/30/2005	No	No	No
BASF Joseph C. Breunig Fax: 704-587-7903	09/30/2005	No	No	No
Bayer Karen Niedermeyer Fax: 412-777-4740	09/30/2005	No	No	No
Ciba Specialty Chemicals John Deming Fax: 302-479-5152	09/30/2005	No	No	No
Color Pigments Manufacturers Association Larry Robinson Fax: 703-684-1795	09/30/2005	No	No	No
ColorChem Steven Printz Fax: 770-993-4780	09/30/2005	No	No	No
Color Resources International Inc. Wayne Jones Fax: 864-862-6824	09/30/2005	No	No	No
Day-Glo Corp. Richard Thompson Fax: 216-391-1408	09/30/2005	No	No	No
DyStar L.P. Van Hawkins Fax: 704-561-3005	09/30/2005	No	No	No
ETAD North America Tucker Helms Fax: 202-296-8120	09/30/2005	No	No	No
Everlight USA Scott Chen Fax: 704-588-0051	09/30/2005	No	No	No
Fanwood Chemical Jim DeLisi Fax: 908-322-8494	09/30/2005	No	No	No
Firmenich Inc. Laura Heybur Fax: 609-4528063	09/30/2005	No	No	No

Givaudan-Roure Corp. Diane Koenig Fax: 973-448-6532	09/30/2005	No	No	No
International Flavors & Fragrances President Fax: 212-708-7132	09/30/2005	No	No	No
International Flavors & Fragrances Tom Kinlin Fax: 732-335-2244	09/30/2005	No	No	No
Kalsec, Inc. President Fax: 269-382-3060	09/30/2005	No	No	No
Milliken Chemical Ray Sanders Fax: 864-503-1618	09/30/2005	No	No	No
NFC John Dickson Fax: 803-548-2683	09/30/2005	No	No	No
Noveon Tom Dirmyer Fax: 216-447-5720	09/30/2005	No	No	No
Passaic Color John Wojciechowski Fax: 973-279-3175	09/30/2005	No	No	No
Penta Mfg. Co. George Volpe Fax: 973-740-1839	09/30/2005	No	No	No
Rezoloex, LLC Lou Biad phone:505-527-1730 email:rezolex.com@zianet.com	10/4/2005	Yes	Yes	Yes
Rohm & Haas Steven Volger Fax: 215-592-2550	09/30/2005	No	No	No
United Color Tom Nowakowski Fax: 215-860-8560	09/30/2005	No	No	No

Technical comments:³

The Commission suggests that the article description on page 1 of this report be used in the proposed new heading in order to provide an initial capital in the description and to correct the HTS subheading reference. The Commission also notes that the article description contains two CAS numbers, one for paprika oleoresin and another for soybean oil, the vehicle used for the oleoresin paprika product. The Commission suggests that the article description should include the phrase “in soybean oil” to more properly describe the product.

³ The Commission may express an opinion on the HTS classification of a product to facilitate consideration of the bill. However, by law, only the U.S. Customs Service is authorized to issue a binding ruling on this matter. The Commission believes that the U.S. Customs Service should be consulted prior to enactment of the bill.

The following is a copy of a letter sent from Mr. Lou Biad of Rezolex Ltd. Co., located in Radium Springs, New Mexico, to Congressman Steve Pearce of New Mexico, 2nd District objecting to passage of H.R. 2777 and claiming U.S. production of the subject product.

October 4, 2005

Congressman Pearce,

Last Friday, September 30, 2005, I received a call from Corey Wright – U.S.D.C. (202-482-2844) informing me that Congressman Clay of Missouri (1st District) introduced a bill (HR 2777) on June 7, 2005, that, if passed, will suspend a duty (3.1%) on imported Indian oleoresin of paprika. Passage of this bill will make it even more difficult for my company (Rezolex, LLC of Las Cruces, New Mexico which is also a producer of oleoresin paprika), to compete with cheap Indian imports.

Two of the four U.S. producers of oleoresin of paprika have been driven out of business in the past four years due to cheap Indian imports and the remaining two U.S. producers (Rezolex and Kalsec) are having to subsidize production in order to stay in business. Needless to say this bill, if passed, will affect over 100 farmers in Texas, New Mexico and Arizona and their employees who grow the paprika for the dehydrators who supply Rezolex and Kalsec.

As you know, chili/paprika is an important commodity in New Mexico and we ask that you look into this matter and do what you can to stop passage of this bill. I would appreciate hearing from you as soon as possible since this is a very serious matter.

Thank you.

Sincerely,
Lou Biad

109TH CONGRESS
1ST SESSION

H. R. 2777

To suspend temporarily the duty on oleoresin paprika.

IN THE HOUSE OF REPRESENTATIVES

JUNE 7, 2005

Mr. CLAY introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To suspend temporarily the duty on oleoresin paprika.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. OLEORESIN PAPRIKA.**

4 (a) IN GENERAL.—Subchapter II of chapter 99 of
5 the Harmonized Tariff Schedule of the United States is
6 amended by inserting in numerical sequence the following
7 new heading:

“	9902.05.70	oleoresin paprika (CAS No. 72968-48-0 & 8001-22-7) provided for in subheading 3301-90-10)	Free	No change	No change	On or before 12/31/2009	”.
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8 (b) EFFECTIVE DATE.—The amendment made by
9 subsection (a) applies to goods entered, or withdrawn from

- 1 warehouse for consumption, on or after the 15th day after
- 2 the date of enactment of this Act.

